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1965
ANNUAL REPORT

"Dairymen Since 1898"

DIRECTORS

R. W. Greenwood - - - Burlington
F. W. Hamilton - - - - - Ancaster
R. D. Isbister - - - - - Hamilton
D. A. C. Martin, Q.C. - - Hamilton
A. S. McKee - - - - - Ancaster
N. R. McLeod - - - - - Burlington
W. P. Pigott - - - - - Ancaster

OFFICERS

President - - - - - F. W. Hamilton
Vice-President and General Manager - R. W. Greenwood
Vice-President and Assistant Secretary - A. S. McKee
Secretary-Treasurer - - - - - N. R. McLeod

BANKERS

Bank of Montreal

TRANSFER AGENT AND REGISTRAR

The Royal Trust Company

PLANT AND OFFICES

Head Office — 225 East Ave. N., Hamilton, Ont.
Depot — 2237 Harold Road, Burlington, Ont.

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

We submit herewith the balance sheet of the Company at December 31, 1965 and the statements of profit and loss and earned surplus showing the results of operations for the year, together with the report of the shareholders' auditors, Chagnon, MacGillivray & Co.

Net earnings for the year 1965 were \$43,216 representing \$1.15 per Class A share and \$.41 per Class B share. These earnings compare with \$51,850 or \$1.38 per A share and \$.59 per B share in 1964. A non-operating profit of \$26,999 was realized on sale of investments during the year.

Sales volume for the year 1965 showed an increase from the previous years but profit margins per sales dollar declined due to a higher proportion of wholesale sales. Delivery expenses were considerably higher than the previous year. Economic conditions in the area resulted in much higher turnover of staff increasing overtime costs and costs of training new employees. Wages were higher due to increases at the first of the year.

Truck costs increased substantially from 1964 due to a program of rebuilding of older vehicles. This program is an alternative to purchase of new trucks. Capital expenditures during the year amounted to \$56,022 or slightly more than one-half the corresponding expenditures in 1964.

We express our appreciation to our customers and employees for their loyalty and support during the year.

On behalf of the Board of Directors,

FRED W. HAMILTON,
President.

March 15, 1966,
Hamilton, Ontario.

ROYAL OAK D

BALANCE

AS AT DEC

(with comparative figures)

ASSETS		1965	1964
Current Assets:			
Cash		\$ 28,276.63	\$ 5,243.17
Marketable Securities, at cost			
(Market Value \$392,334.88).....		292,730.79	316,939.67
Accounts Receivable	\$185,760.80		
Less—Allowance for Doubtful Accounts ..	5,489.13	180,271.67	154,402.92
Inventories at the lower of cost or replacement cost:			
Products and Raw Materials	19,229.22		
Working Supplies	36,437.69	55,666.91	63,287.18
Estimated Income Taxes Refundable		4,625.32	3,555.63
Prepaid Expenses		8,577.85	4,307.49
		<u>\$570,149.17</u>	<u>\$547,736.06</u>
Long Term Investments, at cost less allowance			
for possible decline in value		<u>\$ 22,325.00</u>	<u>\$ 49,325.00</u>
Deferred Charges:			
Cans, cases and other deferred items		<u>\$ 42,563.67</u>	<u>\$ 34,060.35</u>
Fixed Assets:			
Land, buildings, plant and equipment as			
appraised at December 31, 1948, by the			
Dominion Appraisal Company Limited			
with subsequent additions at cost		\$1,601,141.77	\$1,558,066.63
Less—accumulated depreciation as deter-			
mined by the above-mentioned appraisal			
at December 31, 1948, with subsequent			
provision based on the original cost of			
the assets		980,385.89	924,518.48
		<u>\$ 620,755.88</u>	<u>\$ 633,548.15</u>
Goodwill		\$ 30,501.00	\$ 30,501.00
		<u><u>\$1,286,294.72</u></u>	<u><u>\$1,295,170.56</u></u>

AUDITOR'S

We have examined the balance sheet of Royal Oak Dairy, Limited as at December 31, 1965, and the examination included a general review of the accounting procedures and such other matters as may be required by the circumstances.

In our opinion, the above balance sheet and statements of profit and loss and the results of its operations in accordance with generally accepted accounting principles are correct.

HAMILTON, ONTARIO,
February 22, 1966.

IRY, LIMITED

SHEET

BER 31, 1965

s at December 31, 1964)

LIABILITIES

Current Liabilities:

	1965	1964
Accounts Payable and Accrued Charges	\$323,861.73	\$328,576.25
Tickets and Bottles outstanding	29,284.79	27,961.98
Mortgage Principal due within one year	13,900.00	9,000.00
	<u>\$367,046.52</u>	<u>\$365,538.23</u>

Long Term Liabilities:

First mortgage, maturing December 31, 1966, at 6½% per annum		13,500.00
First Mortgage, maturing June 30, 1975 at 7% per annum	\$ 7,400.00	
	<u>\$ 7,400.00</u>	<u>\$ 13,500.00</u>

Shareholders' Equity:

Share Capital:

Authorized:

- 37,500 class "A" preference shares of
no par value, cumulative dividends of
60c per share per annum convertible
for class "B" common shares.
- 87,500 class "B" common shares of no par
value of which 37,500 unissued shares
are reserved for conversion of class
"A" shares.

Issued and Outstanding:

37,500 Class "A" Shares and 50,000 Class "B" Shares for	\$125,000.00	\$125,000.00
Earned Surplus	542,430.59	546,714.72
Excess of appraisal value of fixed assets over depreciated cost	244,417.61	244,417.61
	<u>\$ 911,848.20</u>	<u>\$916,132.33</u>

Approved on behalf of the
Board of Directors:

R. W. GREENWOOD,
Director.

R. D. ISBISTER,
Director.

\$1,286,294.72 \$1,295,170.56

REPORT

er 31, 1965 and the statements of profit and loss and surplus for the year. Our
of accounting records and other supporting evidence as we considered necessary in

urplus present fairly the financial position of the Company as at December 31, 1965
principles applied on a basis consistent with that of the preceding year.

CHAGNON, MacGILLIVRAY & CO.,
Chartered Accountants.

ROYAL OAK DAIRY, LIMITED
STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS
For the Year Ended December 31, 1965
(with comparative figures for 1964)

	1965	1964
Profit from operations before taking into account the under-noted items	\$107,355.08	\$152,717.79
Income from Investments	16,289.64	16,692.52
	<u>\$123,644.72</u>	<u>\$169,410.31</u>
Deduct:		
Directors' fees	\$ 2,800.00	\$ 2,800.00
Provision for Depreciation	65,815.69	96,560.33
Interest Paid	3,612.65	3,200.32
	<u>\$ 72,228.34</u>	<u>\$102,560.65</u>
Net Profit for the year before providing for Taxes on Income	\$ 51,416.38	\$ 66,849.66
Provision for Taxes on Income	8,200.00	15,000.00
Net Operating Profit	<u>\$ 43,216.38</u>	<u>\$ 51,849.66</u>
	<u><u>\$ 43,216.38</u></u>	<u><u>\$ 51,849.66</u></u>

Depreciation has been provided at the regular rates in respect of the year 1965. Extra depreciation which is allowable under the Income Tax Act has been charged in prior years; none has been provided in the current year.

EARNED SURPLUS

Balance of Earned Surplus at the beginning of the year.	\$546,714.72	\$542,587.98
Add:		
Net Profit for the Year	43,216.38	51,849.66
Net Profit on Disposal of Investments	26,999.49	4,777.08
	<u>616,930.59</u>	<u>599,214.72</u>
Deduct:		
Provision for Losses on Disposal of Investments	27,000.00	5,000.00
Dividends paid:		
Class "A" shares—60c per share	\$ 22,500.00	
Class "B" shares—50c per share	25,000.00	
	<u>47,500.00</u>	<u>47,500.00</u>
Balance of Earned Surplus at End of Year	<u><u>\$542,430.59</u></u>	<u><u>\$546,714.72</u></u>

